From:	Avi Tiomkin <ATiomkin@atglobalcap.com>
To:	ehud barak <ehbarak1@gmail.com>
CC:	
Date:	Mon, 5/20/2013 6:08:27 PM
Subject:	RE: SAC Hedge Fund Owner Gets Subpoena to Testify

Very probable . As you can see he stopped cooperating

-----Original Message-----
From: ehud barak [mailto:ehbarak1@gmail.com]
Sent: Monday, May 20, 2013 9:37 AM
To: Avi Tiomkin
Subject: Re: SAC Hedge Fund Owner Gets Subpoena to Testify

Might they end up being indicted?

Sent from my iPhone

On May 20, 2013, at 15:13, Avi Tiomkin wrote:

>
>
>
> Hedge Fund Owner Gets Subpoena to Testify
>
> By BEN PROTESS and PETER LATTMAN
> May 19, 2013
> Steven A. Cohen has received a subpoena to testify before a grand jury in the government's insider trading investigation into his hedge fund, SAC Capital Advisors, a development that signals a newly aggressive phase in the multiyear inquiry, according to lawyers and executives briefed on the case.
>
> Issued last week, the grand jury subpoena came as part of a broader round of requests from criminal authorities. Other SAC executives were also named in the subpoenas, the lawyers and executives said, and the fund itself received requests for information about its activities.
>
> The subpoenas suggested that federal prosecutors and the F.B.I. are intensifying their efforts to build a case, not only against SAC executives, but also the fund itself. Typically, a grand jury will hear testimony and review evidence before deciding to approve an indictment.
>
> But the fund, which has so far cooperated with the government's inquiry, appeared to balk at some of these new requests. On Friday, SAC told its investors that it was no longer fully cooperating with the investigation.
>
> "While we have in the past told you of our cooperation with the government's investigation, our cooperation is no longer unconditional," said a letter from SAC to its investors.
>
> The curbing of the fund's cooperation appeared to suggest that Mr. Cohen, rather than testify before the grand jury and be subject to questions from prosecutors on a broad range of topics, would assert his constitutional right against self-incrimination, the lawyers briefed on the case said.
>
> In the past, however, Mr. Cohen has given testimony in the government's investigation. Last year,

he sat for a civil deposition taken by federal securities regulators in an investigation of Mathew Martoma, a former SAC portfolio manager who has been since criminally charged with illegally trading pharmaceutical stocks.
>
> A spokesman for SAC, Jonathan Gasthalter, declined to comment.
>
> A spokesman for the F.B.I. in New York, J. Peter Donald, and a spokeswoman for the United States attorney's office in Manhattan, Ellen Davis, both declined to comment about the case.
>
> Neither the firm nor Mr. Cohen, a 56-year-old billionaire who owns it, has been charged with wrongdoing. Mr. Cohen has maintained that he has behaved appropriately at all times.
>
> SAC, which is based in Stamford, Conn., manages roughly $15 billion and has one of the best investment track records on Wall Street, posting an average of 30 percent annual net returns to its investors over the last two decades.
>
> Unlike most hedge funds, which are leanly staffed and typically have one person directing most of the investment decisions, SAC is a sprawling operation, with more than 1,000 employees - portfolio managers, analysts, traders and support staff - in five offices around the world. Despite SAC's superior performance, the legal toll is mounting. Nine former or current SAC employees have been tied to insider trading while at the firm. Four of those employees have pleaded guilty, and two others, Mr. Martoma and Michael S. Steinberg, are fighting the criminal charges against them.
>
> Even before the new subpoenas it was a delicate time for the hedge fund, which is trying to keep its investors from withdrawing their money. This new front in the case could give investors additional cause for concern.
>
> SAC investors have already asked to withdraw $1.7 billion, more than a quarter of the $6 billion that the fund manages for outside clients. The balance of the fund's $15 billion belongs to Mr. Cohen and his employees. To grant investors more time to decide whether to stick with the fund, SAC extended the next regularly scheduled deadline for SAC clients to ask for their money back from last week to early June.
>
> SAC and its lawyers believed that it had put the most serious of its legal problems behind it earlier this year when agreeing to pay a record $616 million penalty to resolve two civil insider-trading lawsuits brought by the Securities and Exchange Commission. Those settlements involved the trading that led to charges against Mr. Martoma and Mr. Steinberg.
>
> But the government surprised Mr. Cohen and his firm by opening up this new chapter of the investigation.
>
> Several weeks ago, federal prosecutors brought SAC's lawyers in for a meeting at their offices in Lower Manhattan. More than a dozen government officials attended the session, led by Richard Zabel, the deputy United States attorney in Manhattan, according to a person briefed on the case. Prosecutors peppered SAC's lawyers with questions about Mr. Cohen and the firm's trading practices. Ultimately, the government decided to issue the grand jury subpoena.
>
> By subpoenaing Mr. Cohen, the government indicated that it was pursuing a case against SAC itself. Federal guidelines discourage prosecutors from soliciting grand jury testimony from the target of an investigation, which suggests that Mr. Cohen was being treated as if he were a potential witness against his own fund.
>
> While the authorities have not settled on a strategy, according to the lawyers and executives briefed on the case, they are pursuing an avenue that could possibly lead to an indictment against

SAC, accusing it of allowing traders to carry out illicit activity over years.
>
> But charges against companies are exceedingly rare. Enron's accounting firm, Arthur Andersen, went out of businesses after it was indicted in 2002, taking 28,000 jobs with it. (The firm's subsequent conviction was overturned by the Supreme Court.) The episode served as a cautionary tale for prosecutors as they pursue indictments against companies, rather than executives.
>
> Federal guidelines require them to weigh such action with "collateral consequences" like job losses and, in the case of big banks, a threat to the economy. An indictment against a hedge fund like SAC, however, would not destabilize the financial system the way that a prosecution of a large bank potentially could.
>
> The government still faces challenges in its case. For one, the move could be interpreted as a last-ditch effort to ensnare Mr. Cohen. Mr. Martoma and Mr. Steinberg have pleaded not guilty and refused to cooperate with the government in helping them build an insider-trading case against Mr. Cohen. And under the five-year statute of limitations for insider trading crimes, the authorities would have to file either criminal charges or a civil case against Mr. Cohen related to most of trades at issue in the Martoma and Steinberg cases by this summer.
>
> By seeking Mr. Cohen's testimony, federal prosecutors could be trying to get him lie before the grand jury, legal experts say. This way, they could try to charge him with perjury instead of insider trading, which was a similar tack that the government took in its criminal case against the media personality Martha Stewart.
>
> As a result of the new requests, SAC decided that it could no longer provide its investors with updates on the inquiry.
>
> "In the past we have tried to be as transparent with you as possible about the state of the investigation, while balancing our desire for transparency with the need to keep the details of a sensitive investigation confidential," SAC said in the letter sent on Friday to investors.
>
> "During this period, however," the letter said, "the need for confidentiality will limit our ability to share with you details about how the investigation is progressing."
>